



YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.

(Company Registration No. 200517636Z)

(Incorporated in the Republic of Singapore on 21 December 2005)

RESPONSES TO THE SGX QUERIES REGARDING ANNUAL REPORT 2018

The Board of Directors of Yangzijiang Shipbuilding (Holdings) Ltd. (the “Company”) and its subsidiaries (the “Group”) wishes to announce the following responses to queries raised by Singapore Exchange Securities Trading Limited (“SGX-ST”) in its email dated 22 April 2019 on the Annual Report 2018 published by the Company via SGXNet on 11 April 2019.

SGX Query 1:-

Listing Rule 715(2) states that an issuer must engage a suitable auditing firm for its significant foreign-incorporated subsidiaries and associated companies. Please clarify whether and how the Company has complied with Listing Rule 715(2).

Company’s Response 1:-

The Company would like to clarify that the audits of its significant foreign-incorporated subsidiaries for FY2018 were performed for local statutory purpose by Jiangyin Tian Cheng CPAs Co. Limited which has been disclosed in page 172 of note 43 of Annual Report.

The Board together with the Audit Committee are of the view that Jiangyin Tian Cheng CPAs Co. Limited is a suitable auditing firm for auditing its significant foreign-incorporated subsidiaries given its profile, size, experience and track record. These significant foreign-incorporated subsidiaries have also been audited by PricewaterhouseCoopers LLP, Singapore, for the purpose of preparation of the consolidated financial statements of the Group.

SGX Query 2:-

Paragraph 9.3 of the Code of Corporate Governance 2012 (the “Code”) states that the Company should name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S\$250,000. Companies need only show the applicable bands. There should be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives.

In addition, the company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO).

As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel.

As required under Listing Rule 1207(12), please make disclosure as recommended in the Code or otherwise disclose and explain any deviation from the recommendation.



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Company's Response 2:-

The Company is aware of the recommendation in the Code and the requirement under Listing Rule 1207(12) to disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO). During FY2018, the Company has only four (4) top key management personnel (excluding directors and CEO). Given that Mr Ren Letian is the CEO of the Company, the aggregate remuneration paid to the top four key management personnel (who are not directors or the CEO) for FY2018 was S\$350,000.

Taking into consideration the highly competitive business environment, the nature of the industry and the confidentiality of the Group's remuneration policy, the Board is of the view that providing full disclosure of the remuneration of each individual key management personnel is not in the best interests of the Group and may adversely affect talent attraction and retention.

SGX Query 3:-

We refer to the Company's announcement issued on 18 September 2017 entitled "Settlement and receipt of approval-in-principle from SGX". The Exchange provided an approval-in-principle for the listing and quotation of 137,000,000 ordinary shares subject to a written undertaking from the Company that it will comply with Rule 704(30) and Rule 1207(20) of the Listing Manual in relation to the use of the proceeds from the proposed placement of shares and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds and in the annual report.

Please provide the breakdown with specific details on the use of proceeds for working capital as disclosed on page 52 of the Annual Report.

Company's Response 3:-

As at end of FY2018, the Company has utilised S\$165.8 million out of the net proceeds of S\$208.8 million received, of which S\$104.4 million was used for working capital and general corporate purposes. The breakdown on the use of proceeds from the placement for working capital and general corporate purposes was as follows:-

Placement amount allocated for working capital and general corporate purposes (S\$' million)	Usage
104.4	– One-off repayment of bank loan amounted to S\$104.4 million

The Board collectively and individually takes responsibility for the accuracy of the aforesaid replies to the queries raised by the SGX-ST.

By Order of the Board

Ren Yuanlin
Executive Chairman
24 April 2019